

U.S. ARMY CONTRACTING AGENCY



Army Service Strategy Panel (ASSP)



*Briefing for the 2006 Army
Contracting Officer Conference
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Why is Service Contracting Important?

- Federal procurement increasingly involves contracting for services
 - Investment in Services has steadily increased
 - We are buying capabilities not systems
- Growth can be attributed to:
 - Expansion of Information Technology Services
 - Professional/Administrative Support Services in lieu of civilian workers
 - Outsourcing (A-76)
- Implications and Challenges
 - Congress and GAO concerned with Management and Oversight



Services “R” Us

- DoD is the federal government’s largest purchaser of contractor provided services.
- Annual obligations for service related procurements continues to grow.
- More dollars spent on services than hardware
 - FY 2003/2004/2005 – greater than 50% of the obligations
- This trend is expected to continue.



Management & Oversight

- National Defense Authorization Act for Fiscal Year 2002, Pubic Law 107-107, Section 801(d).
- Develop management and oversight procedures for all acquisitions of services.
- Army Service Strategy Panel (ASSP).

Sources: USD(ALT) Memorandum dated 31 May 2002, Subject: Acquisition of Service and

AFARS Subpart 5137.5, Army Management and Oversight of the Acquisition of Services



Army Specifics

- AFARS Subpart 5137.5, Army Management and Oversight of the Acquisition of Services
- Actions \geq \$500M Strategy approved by DASA(P&P)
 - \geq \$2B Pre-approval notification to USD (ATL)—10 working days
- Actions \geq \$100M < \$500M Strategy approved by HCAs (unless delegated to PARC), PEOs & Direct Reporting PMs
- Actions < \$100M Strategy approved in accordance with MACOM process
- Execution Reviews: Annual reports to Decision Authority on attainment of metrics for Service Acquisitions greater than \$100M
- Reporting Requirements: Consolidated annual report to AAE



HQDA Level ASSP Review

- Acquisition of services with a total planned value of \$500 million or more will be reviewed by the Army Service Strategy Panel (ASSP), chaired by the DASA(P&P).
- The ASSP provides a structured forum where issues requiring senior level consideration are presented and resolved.
- Standing ASSP members include:
 - the Deputy General Counsel (Acquisition),
 - Assistant Secretary of the Army (Financial Management and Comptroller) (ASA(FM&C)),
 - Director of Army Small Business,
 - Senior representative from either the requirement or program management arena
 - PARC



What The Army Has Done So Far

- To date, 22 Army service contracts, with an estimated value above \$500 million have been reviewed under these procedures.
- These acquisitions represent a total estimated value of over \$81billion.



What's Coming

NDAA FY 06, Section 812, Management and Oversight of Services

- Continued focus on implementation of a management structure for procurement of contract services
- Phased implementation through October 2009
- Report to Committee on Armed Services of both House & Senate after one year
- Key Components:
 - Exempts services related to R&D and Construction
 - Establishes different (lower) thresholds for Review
 - Dedicate Full Time Commodity Managers to coordinate procurement of key categories of services



USD (ATL) Implementing Policy

- Will be issued shortly
 - Policy Letter and change to DoD Instruction 5000.2, Enclosure 8
- Integrates review for IT Services
- Phased Implementation:
 - Jun 1, 2006– Establish initial set of contract service acquisition categories
 - Oct 1, 2006: Develop initial set of policies, procedures, and best practices
 - Oct 1, 2006: Assign responsibilities for acquisitions > \$250M
 - Oct 1, 2007: Assign responsibilities for acquisitions > \$10M but < \$250M
 - Oct 1, 2009: Assign responsibilities for acquisitions > simplified acquisition threshold but < \$10M
- Exempts all Construction but allows for service review of some R&D Categories



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Getting Ready for an HQDA Level ASSP!



Plan or Strategy?

- Acquisition Plan and Acquisition Strategy are different documents, with different requirements and frequently with different approving officials
 - Plan
 - Prepared IAW FAR/DFARS Part 7.
 - Approved PM/PARC
 - Strategy
 - Prepared IAW AFARS 5137.5
 - Approved DASA(P&P); HCA(PEO); PARC



Ensure that the Strategy_....

- Addresses the requirement thoroughly
- Include history that clearly explains the importance and impact of this procurement
- Ensures commitment to performance based statement of work
- Delineates the competitive environment
- Shows that extensive, validated Market Research was performed – explains what the market can and must bear
- Clearly articulates socio-economic objectives
- Clearly explains Risks (Cost, Schedule, Performance) and how to mitigate them
- Gives plausible and realistic “Pros & Cons” for each Option proposed
- Explains any unique business arrangements or customer objectives to be realized
- Addresses the Source Selection Process and highlights key evaluation factors
- Explains what and how metrics will be captured and tracked at all levels for the acquisition (Task Order level, Contract and/or Program)
- Outlines the plan for Contract Administration and Surveillance



Acquisition Strategy Content Checklist

ACQUISITION STRATEGY CONTENT CHECKLIST (IAW AFARS Subpart 5137.5-6)

Date: _____

Prepared by: _____

TITLE: _____

- | | <u>YES</u> | <u>NO</u> | <u>N/A</u> | <u>COMMENTS</u> |
|---|------------|-----------|------------|-----------------|
| 1) <u>REQUIREMENT</u> | | | | |
| a. Identified outcomes to be satisfied? | | | | |
| b. Are they performance-based? | | | | |
| (1) If not, obtain AAE approval >\$50M | | | | |
| c. Do you intend to use a Non DoD Contract? | | | | |
| d. Identified how requirement was previously satisfied? | | | | |
| (1) Procurement History | | | | |
| (2) Challenges that drive the mission or acquisition approach | | | | |
| e. Any Congressional Interest? | | | | |
| (1) If >\$2B, advance notification to USD (ATL) required | | | | |
| 2) <u>RISKS</u> | | | | |
| a. Current and potential costs? | | | | |
| b. Schedule and performance risks? | | | | |
| c. Level of stated risks? | | | | |
| d. Risk mitigation plan? | | | | |
| (1) Tie to Evaluation/Contract Management/Metrics/Award Fee | | | | |
| 3) <u>COMPETITION</u> | | | | |
| a. How will full & open competition be provided? | | | | |
| (1) Describe your market research (Industry Day/DRFP) | | | | |
| (2) Is this a consolidated requirement? If so, AAE approval required >\$5M | | | | |
| b. If other than full & open competition; explain why and provide citation. | | | | |
| c. Plans for competition for any follow-on acquisitions. | | | | |

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Acquisition Strategy Content Checklist (Cont'd)

4) IMPLICATIONS

a. How will acquisition support SB goals?

(1) If this is a Bundled Requirement Include the Analysis

(a) If so, does it follow the Benefits Analysis Guidebook

(2) Indicate whether the SBA PCR has concurred on the 2579

b. How will acquisition support any other socio-economic programs?

(1) Address Subcontracting Potential and Goals

5) BUSINESS ARRANGEMENTS

a. Identified how acquisition will be funded?

(1) Estimated dollar value of the procurement

(2) Address whether funding is available and the type of funds

b. Type of business arrangement? (i.e., single contract; multiple award task order contract).

(1) Address Contract Type

(2) Source Selection Process/Basis for Award/Major Factors/Subfactors

(3) Is this a Commercial Service (i.e. Use of FAR Part 12)

(4) Discuss the Award Criteria and Evaluation

(5) Address any waivers/deviations that will be required

(6) Discuss Contract Administration--COR/Involvement of DCMA/Surveillance Plan

c. Duration of each business arrangement? (i.e., base period and all options).

d. Cost estimate for the total planned acquisition and pricing arrangements (i.e., fixed price, cost reimbursement, time and materiel, labor hour, or variations).

e. Milestone Timeline to Award



Acquisition Strategy Content Checklist (Cont'd)

6) MULTI-YEAR CONTRACTS

- a. If multi-year service contract, address plans for budgeting for termination liability.
- b. OMB Circular A-11 requires multi-year service contracts to be scored as operating leases; address budget scorekeeping that will result from the use of the proposed contracting strategy.

7) LEASES

Included lease-purchase strategy if required by OMB Circular A-94?

8) METRICS

- a. Cost, schedule and performance metrics that measure service acquisition outcomes against requirements.

1) Measurable. Tied to Key Performance Parameters.

- b. If metrics are not submitted with acquisition strategy, the metrics must be submitted for the Decision Authority approval prior to execution of any business instrument (e.g., contract, MIPR).



Army Service Strategy Panel

*Getting Ready for an HQDA ASSP ---
Tips from The Top!*



DASA (P&P) Insights

- Provide Senior Leadership Field of View
 - Opportunity to Influence Strategies from a Broad Knowledge Base
- Concisely Discuss the Requirement
 - Stress “Why” it’s Needed
- Concentrate on Specific Acquisition Issues
 - Contract Type
 - Performance Based
 - Use of FAR Part 12
 - Source Selection Process
 - Evaluation Factors and Basis for Award
 - Risks and Mitigation
- Include Results of Market Research and Competition Analysis
 - Expect a Challenge on Small Business Considerations
- Test the Logic Trail
 - Business Approach must be sound and supportable
- Pre-brief Key Functionals Beforehand (i.e. Director, Army Small and Disadvantaged Business)
- Metrics
 - Designed and Appropriately Structured



Panel Member Insights-Small Business

- Begin the coordination with the small business specialists early in the process, include DA, SADBU and the SBA PCR
- Discuss the history of small business in previous contracts for this service
- Provide a thorough market research discussion
- Discuss the NAICS code(s) selected and the opportunities for small businesses at that threshold
 - Be prepared to discuss this in detail with the DA, SADBU.
- Tie the market research to the strategy and small business targets for subcontracting
 - Maximize small business opportunities
- Provide appropriate information on Industry Day or the pre-proposal conference (if held)
- If bundling is involved follow the DoD Benefits Analysis Guidebook for bundling analysis



Panel Member Insights- SA OGC

- Involve local counsel from the onset
- Should local counsel identify a contentious issue (e.g., small business deviation, personal services, or CICA bundling), higher headquarters OGC should be given a “heads-up” in order to discuss alternatives while the package is still being prepared



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Briefing Tips



Tips on Getting Ready for an HQDA Level ASSP_

- Start Early!!!!
- Get Samples & Lessons Learned – Don't Reinvent the Wheel
- Pay attention to detail and consistency
 - Ensure Acquisition Strategy tracks with briefing slides
- Thoroughly understand customer's requirement, anticipate needs and be able to articulate, with foresight, how the acquisition strategy has been tailored to meet the unexpected, as well as the expected needs of the customer
- Validate the Process and the Facts to Support Desired Outcome
- Right Players – Use the “A” Team & Subject Matter Experts
- Contracting has the “lead” to brief
- Metrics – they must be accomplishable as well as measurable
- Make “no” assumptions regarding what leadership knows or understands about your mission, it's importance, or desired results
- Start Early!!!!



Briefing Tips

- Obvious Winner - Select Strong Briefer
- Use Mock Pre-briefs
- Build the Picture, the Problems, the Proposed Solution – Logical Flow of Info
- Let your Courses of Action (COAs) “drive” the logical solution and outcome desired
- Give thorough research, validation and consideration to all “programs, procedures, and processes” affecting the strategy
- Assure thorough review, coordination and buy-in of the final product



Day of the Briefing Tips

- Arrive several hours ahead of time
- Assess status of the days agenda – it's bound to change
- Exercise lots of Flexibility and Patience
- Take the “A” - Team and SMEs responsible for strategy development with you
- Bring the highest level of customer representation knowledgeable of the requirement and the acq strategy
- Try to stay on time
- Don't “roll over” when you know and are clear on the facts
- Be confident in your strategy
- Don't be surprised or insulted by any questions from the leadership
- Remember to “breathe”!!!



Acquisition of Services

Other Issues



Challenges-Award and Administration_

- Defining Requirements
 - Performance Based Service Acquisitions
 - FY 06 DoD Goal- 50% Dollars Awarded
 - Plan for Surveillance
 - Appropriate contract type
- High Risk since 1992
 - GAO: DoD policies on target, not enough focus on implementation
 - DoD Goal is to improve effectiveness of contract management DoD-wide
- Renewed Emphasis on Contracting for Services:
 - Strategic—application of commercial best practices
 - Use of appropriate contracting technique
 - Improvement of contract administration
 - Right skills and capabilities in the acquisition workforce
 - Management of Interagency contracts



Future

- Strategic Sourcing of Services (“Spend Analysis”)
 - Assistant Deputy Under Secretary of Defense for Strategic Sourcing and Acquisition Processes (ADUSD (SS&AP)) created to oversee transformation of business operations into a unified end to end business process for defense wide strategic sourcing
 - Army Governance: Strategic Sourcing Directors Board (SSDB)
 - Better understanding of potential savings and efficiencies
- Enterprise-wide approach to acquisition of services
 - Leverage buying power; reduce cost to acquire services
- Training: OSD Collaborated with Defense Acquisition University (DAU) to create two Continuous Learning Modules (CLMs) that focus on strategic sourcing
 - Available on-line in January 2006
- Focused Accountability on Contract Administration
 - Quality Assurance/Performance Assessment Plans
 - Training/Appointment of CORs
 - Structured Evaluation of Contractor’s Performance



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QUESTIONS????